



**TESTIMONY OF
KURT BARWIS
PRESIDENT AND CEO
BRISTOL HOSPITAL
BEFORE THE
APPROPRIATIONS COMMITTEE
Thursday, February 11, 2010**

**HB 5018, AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES AND
REVENUES FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2011**

My name is Kurt Barwis and I am the CEO and President of Bristol Hospital. I am testifying today in opposition to **HB 5018, An Act Making Adjustments To State Expenditures And Revenues For The State Fiscal Year Ending June 30, 2011.**

Specifically, this testimony is in opposition to the change in the proposed budget adjustment that calls for a reduction in dollars appropriated to increase hospital SAGA payments up to Medicaid payment levels. Bristol Hospital strongly opposes this reduction and recommends that Connecticut's hospitals receive the Medicaid rate for services under the SAGA program.

In FY2009, Bristol Hospital treated approximately 14,000 Medicaid beneficiaries (inpatient and outpatient discharges), which accounted for nearly 30% of the Hospital's patient population. Bristol Hospital's November 2009 fiscal year-to-date payer-mix data showed a tremendous upswing in Medicaid admissions, increasing by over 30% from the previous year. As the country's financial crisis continues to devastate businesses, causing a 10.0%-plus unemployment rate, we can only expect a substantial decrease in private health insurance patients and a surge in state-supported health insurance beneficiaries for programs such as Medicaid and SAGA. The hospital's financial viability is becoming increasingly threatened by losses from under-reimbursement for these programs in conjunction with treating an escalating number of un- and under-insured patients. In addition, as the financial crisis took its toll, Bristol Hospital lost a significant amount of its less than adequate reserves and saw a related drop in investment income.

The September 2009 biennial budget included funding to increase hospital SAGA reimbursement to 100.0% of the Medicaid rate. Currently, hospitals are reimbursed approximately 43.0% of the Medicaid rate for patients under the SAGA program, which constitutes a significant and serious unfunded State mandate. Meanwhile, other non-hospital providers are paid at 100.0% of the Medicaid rate. Despite the legislation included in the biennial budget, the Department of Social Services still has not implemented the SAGA rate change that will allow hospitals to be compensated as other providers are for treating the same population. Moreover, the Department's intent is to not implement this change until July of

2011. It is important to understand that the more time that elapses until DSS implements this law, the greater the financial risk Connecticut hospitals will face. For example, if the SAGA rates are not increased until June of this year, Bristol Hospital will lose over \$650,000 and, cumulatively, all of Connecticut's hospitals will suffer a loss of approximately \$36 million. If the rate change is not applied until July of 2011, as DSS intends, Bristol's loss will grow to \$1.959 million and, altogether, Connecticut's hospitals will lose \$108 million. This is a risk that Connecticut hospitals cannot overcome through cost-cutting mechanisms and expense reductions and a threat that may very well jeopardize hospitals' ability to provide patient care.

Thank you for your consideration of this important matter to Bristol Hospital.